

In one town, recession helps bridge cultural rift

Emily Maltby

Framingham's immigrants always felt like outsiders. Then the downturn forced the town's planners and entrepreneurs to work together to save imperiled businesses.

The recession has hit Framingham, Mass., like an earthquake, shaking local businesses and thinning their numbers. But the town's merchants have found one silver lining in the economic calamity: It's forcing them to tackle a festering problem.

Culture clashes were easily ignored when the economy was strong. But now, the shops lining Concord Street, Framingham's main artery, can't move forward unless they address the decade-old problems head-on.

Like people all around the U.S., Framingham's residents started feeling the pinch last year, after the housing market began deteriorating. But the town seemed well positioned to ride out the downturn: After being hit hard by the recessions in the early '90s, when Framingham's unemployment rate topped 27%, the town rose from the ashes and restructured its economy. A statewide program to stimulate job creation in distressed areas worked well in Framingham, turning the town into a thriving business center for companies in a range of industries.

With that growth came a boom in foreign immigrants, drawn to Framingham for the economic opportunities it offered. In a town of 65,000, the 2000 census recorded 4,400 Brazil-born residents. Town planners estimate that 15% to 20% of the current local population hails from Brazil.



PHOTO: AUDREY HALL

Framingham street signs in the center of town.

Many of the immigrants, such as Pablo Maia, established businesses. Maia opened a real estate company in 1999 to serve the growing Brazilian community, and hired 17 employees to help him run it.

By 2007, Framingham's businesses supported more than 45,000 jobs and a payroll of \$3 billion. The town headquarters household names like electronics trendsetter Bose, office-supplies giant Staples (SPLS, Fortune 500), and retailer TJX (TJX, Fortune 500), the parent company behind TJ Maxx and Marshalls. Behind them are more than 2,000 small businesses, each with a handful of employees.

The town's economic diversity should make it resilient. But Framingham's ethnic diversity had caused a schism in the community.



Members of Framingham's recently-created business owners' association promote their storefronts at the town's Christmas tree lighting ceremony.

9 Framingham stores: How we're coping

Some are supportive of the town's abundance of Brazilian startups. "The immigrants work really hard and help supply the local economy with a variety of businesses, from bakeries to retail to clothing shops," says State Senator Karen Spilka, who represents Massachusetts's 2nd district.

But many longtime residents worried about illegal immigration. Others were concerned that the downtown area was becoming exclusionary, with signs written only in Portuguese and window displays primarily showcasing Brazilian goods.

"There was a definite disconnect between the Brazilians and Americans. It was a culture gap, which just kept widening," recalls Ilma Paixao, a longtime resident of Framingham and native of Brazil who has studied the dynamic of the Brazilian community at MIT's Department of Urban Studies and Planning.

City planners tried to bridge the gap, but had little success.

"My predecessors made countless attempts to organize and mobilize the downtown merchants, and they were constantly met with failure," says Alison Steinfeld, who assumed the position of director of Framingham's Community and Economic Development office less than a year ago. The town held workshops to help the Brazilian community learn English and sessions to assist them with marketing to Americans, but found little interest.

"We didn't know about the meetings," counters Zalca Nubia Gaseta, who has run Party Flowers on Concord Street with her husband Roberto for the past 12 years. "Maybe that's because no Americans came downtown. To them, it was a scary place. We paid our taxes, so we would have liked the education, but we never got any letter or other type of communication - nothing."

There may have been another reason that the town hall meeting rooms were vacant. "The owners were intimidated to come because they felt they'd just be attacked," says Paixao. "They thought it best to pay their taxes, cause no trouble, and keep their heads down." It's the same reason, Paixao says, that many Brazilian business owners rely on their own cash rather than lines of credits from lending institutions.

Layoffs and bankruptcies

That fear wasn't going to go away as long as the economy kept humming. In its own segregated fashion, commerce seemed to be moving forward just fine in Framingham. With

the exception of those in the housing industry - such as Maia Realty, which started shedding employees in late 2008 - the businesses on Concord Street didn't yet feel financially pressured.

But as winter settled in, the lack of consumer confidence became apparent. Along the major roads that surround the center of town, large retailers such as Circuit City and Filene's Basement held liquidation sales and prepared to shut down.

Then things got worse. Bose cut its global workforce by 10%. Staples announced that 140 workers would be laid off, including half from its home office. Multicolor, an Ohio company that had a manufacturing facility in Framingham, consolidated its operations into another town and dropped 62 regional employees.

Though Framingham's unemployment rate has remained below the national and state levels, the community is feeling the pain. "We have a solid base," says Senator Spilka. "The economic diversity does help us, [but] we're not recession-proof by any means."

"If you're laid off, you're not buying lunch. It's the multiplier effect in economics. Every dollar works more than once. So as you see layoffs, they will ripple through the community," says Professor Maureen Dunne, who helps run the MetroWest Economic Research Center at Framingham State College's Department of Economics and Business Administration.

That meant bad news for the town's small businesses.

"Small businesses are adaptable, because they can get direct information daily, whereas large businesses have to wait until the end of the month or the end of the quarter for that to happen," explains Dunne. "When restaurants see people aren't coming in Monday through Wednesday, they can move quickly to get them in. They can get feedback immediately by asking customers directly what they want. A lower price? A different menu? Then, they can turn on a heel to address that."

In many towns, that's true. But on Concord Street, it's a little more complicated. Businesses there have had less success implementing new sales tactics in recent months because of the underlying cultural problem. Americans didn't go to the Brazilian stores even when the economy was good. But anecdotal evidence suggests that the Brazilian community - the owners' primary consumer base - is starting to decline in tandem with the economy. The area is not offering them the opportunity it once did.

"A lot of people lost interest and started to go back," says Maia. "It's a rapidly developing country, and there are now many opportunities there today in a way that wasn't the case years ago. So if the economy is bad, they may as well stay in Brazil."

The merchants realized they had a serious problem. Party Flowers owner Gasetta decided to form a business owners' association.

The first meeting was a small gathering in October of eight business owners who wanted to share their concerns. By November, MIT's Paixao had joined the group. In December, Paixao invited Steinfeld to the meeting, which had grown to 25 business owners.

That invitation opened up one of the first direct lines of communications between Framingham's downtown entrepreneurs and the town's business development officers.

"They started talking about what they had to do," recalls Steinfeld. "For the first time I was able to hear what their problems were and to reinforce that the town is here to help."

Paixao realized that, following that meeting, the owners were finally able to understand the power of being involved in Framingham's civic planning.

The annual Christmas tree lighting ceremony was the first event that Town Hall promoted following the inception of the association. "I don't think the business owners would have been open, because they wouldn't have been aware that all these residents came out for that event," says Paixao.

That night, some of the owners set up a table in the Town Hall to hand out fliers, while others manned the stores. "Once we established that communication, they had the opportunity to reach out to a lot of traffic," adds Paixao.

"We're doing whatever we can to help them survive," says Steinfeld. "Unfortunately, we can't make people spend money. But what we can do, to the extent possible, is identify town activities that are happening and notify the merchants so that they can mobilize and take advantage of those consumers."

Marketing and other workshops - a collaborative effort between MIT, the town, and the Small Business Administration's SCORE program - have been well attended, according to Paixao. The owners are reacting by changing their window displays and hiring English-speaking employees.

At the Old Station Steakhouse, for example, the emphasis is on the Brazilian cuisine, but the founders have made a conscious effort to keep the signage in English and Portuguese and offer a buffet with a variety of American comfort food options.

"We want to cater to both the Brazilians and the Americans. If we served just Brazilian food, we would be missing out on a lot of customers," says Early Barbosa, one of the Brazilian founders. He and three other partners pooled their money to get the restaurant established eight months ago without any bank loans.

"And actually, a lot of the time, when the Americans come in and see the Brazilian barbeque, they end up liking it better," he laughs.

Hoping for a stimulus jolt

The 50-member strong association, while building community among the owners - eight non-Brazilian business owners have recently joined - has not yet brought relief to their businesses. Gaseta said that Valentine's Day sales at her shop were half of what they were last year. Still, the fact that she's starting to see more people stopping by keeps her optimistic.

"I realize money is the biggest problem, and I don't care if they don't buy anything," she says. "I just want them to know I'm there and that they can come in to say hi."

The cultural gap isn't closed yet, either. Gaseta's flower business, which also provides services such as photography and video for special events, does 20 Brazilian weddings for every one American wedding. "It's step by step with the Americans, but I have hope things will get better."

Because so many small businesses in Framingham provide products and services to the larger ones, it's going to take major action to get the business dynamic back up to where it was, Spilka believes.

"I'm hoping that with the trickle-down of the stimulus, that will really help to get things moving sooner rather than later," she says.

Economic development officer Steinfeld is also counting on stimulus-funded infrastructure spending to help boost the city's economy.

"We have \$8 million worth of improvements scheduled, and hopefully the economic stimulus will help us implement some of those plans to improve circulation, traffic and pedestrian, and beautify the downtown," she says. "We're doing whatever we can to help them survive, because small merchants are critical to the success of the downtown."

The business association will also be doing whatever it can to help its members pull through. After years of strain, Framingham's diverse entrepreneurs and civic planners are finally finding ways to work together on their common problems.

"Obviously everyone would prefer that the recession weren't here, and we want it over as soon as possible," Steinfeld says. "But the way we look at it is now is the time to set the framework, so that whenever the recession starts to ebb, we'll be prepared."

CNNMoney, Estados Unidos, 27 fev. 2009, Small Business, online. Disponível em <www.money.cnn.com>. Acesso em: 2 mar. 2009.

A utilização deste artigo é exclusiva para fins educacionais